

Investors *file* MUTUAL OF CANADA LTD.

1968

ANNUAL REPORT

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The Investors Group

DISTRIBUTOR
Investors Syndicate Limited

HEAD OFFICE
280 Broadway Avenue
Winnipeg 1, Manitoba

Investors MUTUAL OF CANADA LTD.

ANNUAL REPORT FOR THE YEAR ENDED
OCTOBER 31, 1968

Comparative Highlights

	1968	1967
Total Net Assets	\$574,349,080	\$594,160,637
Number of Shareholders	82,087	96,393
Asset Value per Share	\$5.67	\$5.12
Dividend	\$ 17,118,482	\$ 17,718,157
Dividend per Share	\$.16	\$.15

Investors MUTUAL OF CANADA LTD.

Report to the Shareholders

Your Board of Directors is pleased to present this report on the growth of your investment in Investors Mutual of Canada during the fiscal year ended October 31, 1968.

The investment performance of your shares is, of course, your primary concern. It has compared favourably with other balanced mutual funds similar to Investors Mutual. The asset value per share increased by 10.89 per cent during the fiscal year, from \$5.12 to \$5.67. In addition to this excellent capital gain, there was a 3.13 per cent dividend yield for the year, which provided a total gain for the 1968 fiscal year of 14.02 per cent.

It is also pleasing to note that the asset value per share has continued to increase at a good rate since the fiscal year-end, and at time of writing of this report had risen to \$5.92 per share. The outlook for continued growth appears excellent at this time.

During the year under review your Company declared a record high dividend of 16 cents per share, a 6.7 per cent increase from the previous year of 15 cents per share. This is particularly significant in view of the fact your Fund has as one of its principal investment objectives the provision of a reasonable return on its shareholders' investments. When reinvested in additional shares, dividend income provides valuable compounding action which results in an extra growth factor.

The total of dividends declared for the 1968 fiscal year was \$17,118,000, compared with \$17,718,000 the previous

year. The slight decline was due to the fact that there were fewer shares outstanding in 1968 compared with 1967.

The decrease in the number of shares outstanding was mainly due to shareholders transferring their investments from Investors Mutual of Canada to one or another of Investors' associated mutual funds, Investors Growth Fund of Canada and Investors International Mutual Fund, or into the Single Payment Certificates of Investors Syndicate Limited. Shareholders are accorded the privilege of transferring their investments whenever their personal investment objectives change. During the year the number of shareholders of your Company declined from 96,393 to 82,087.

Because of the decline in the number of shares outstanding during the year, net assets of your Fund decreased by 3.33 per cent, from \$594 million at the end of the 1967 fiscal year to \$574 million at the close of the 1968 fiscal year. However, net assets of the Fund have increased sharply since the end of October, 1968, and at time of writing exceeded \$590 million.

Shareholders may take special pride in the fact that their Company is the largest mutual fund in Canada, heavily invested in bonds, preferred and common stocks of companies which are the leaders in a widely diversified range of key Canadian industries. The balance of the investments are in outstanding U.S. common stocks. We can take confidence in the knowledge that as the Canadian and U.S. economies grow, so will your investment in the vital industries creating this growth.

Share Performance

The asset value per share increased by 10.89 per cent during the year, from \$5.12 to \$5.67. In addition to this capital gain, there was a better than 3 per cent dividend yield, which gives a total percentage gain for the year of over 14 per cent. It is an excellent performance for a balanced fund, such as Investors Mutual.

The asset value has continued to increase since the year-end, and at time of writing it had risen to \$5.94.

The dividend per share was increased by 6.67 per cent, from 15 cents per share to 16 cents per share.

The total dividend declared for 1968 was \$17,118,000, compared with \$17,718,000 the previous year. This slight decline is due to the fact that there were fewer shares outstanding by the 1968 fiscal year-end than a year earlier.

The profit from the sale of investments during the year under review amounted to \$16,062,084, compared with \$32,334,656 the preceding year. The undistributed earnings, mainly comprised of cumulative realized capital appreciation, was \$79,131,335 at the end of the fiscal year.

The following table illustrates the year-by-year performance of a share in Investors Mutual of Canada since its inception.

	Asset Value	Asset Value on Split Basis	Divi- dend	% Div. Yield	% Capital Gain	% Total Gain
Mar. 2, 1950	5.024	1.675	(Commencement of Fund)			
Oct. 31, 1950	5.463	1.821	\$.12½	2.49	8.74	11.23
Oct. 31, 1951	6.438	2.146	.28½	5.22	17.85	23.07
Oct. 31, 1952	6.199	2.066	.28½	4.43	(-) 3.72	.71
Oct. 30, 1953	6.265	2.088	.28½	4.60	1.06	5.66
Oct. 29, 1954	7.593	2.531	.29	4.63	21.20	25.83
Oct. 31, 1955	9.339	3.113	.30	3.95	22.99	26.94
Oct. 31, 1956	9.868	3.289	.31	3.32	5.66	8.98
Oct. 31, 1957	8.845	2.948	.32	3.24	(-) 10.36	(-) 7.12
Oct. 31, 1958	10.706	3.569	.32	3.62	21.04	24.66
Oct. 30, 1959	10.887	3.629	.33	3.08	1.69	4.77
Oct. 31, 1960	10.620	3.540	.36	3.31	(-) 2.46	.85
Oct. 31, 1961	12.859	4.286	.37	3.48	21.08	24.56
Oct. 31, 1962	11.437	3.812	.37	2.88	(-) 11.06	(-) 8.18
Oct. 31, 1963	12.934	4.311	.39	3.41	13.09	16.50
Oct. 30, 1964	14.757	4.919	.40	3.09	14.10	17.19
Oct. 29, 1965		5.048	.14	2.85	2.62	5.47
Oct. 31, 1966		4.509	.14½	2.87	(-) 10.68	(-) 7.81
Oct. 31, 1967		5.117	.15	3.33	13.48	16.81
Oct. 31, 1968		5.674	.16	3.13	10.89	14.02

With dividends reinvested in your Fund, the cumulative gain and compounded dividend return experienced by the Fund since its inception is equivalent to 9.92% average compound growth.

Investors MUTUAL OF CANADA LTD.

Portfolio Management

In keeping with the investment objectives of your Fund, common stocks in the portfolio are primarily selected for their growth prospects over the long term. Most of these securities are Canadian "blue chips" but there is a strong representation of U.S. equities which have excellent growth potential.

Increased emphasis was placed during the past year on the Oil and Gas sector, and by the year-end it represented 12.58 per cent of assets with a total market value of more than \$72 million. Atlantic Richfield Company, a U.S. oil firm serving both the east and west coast markets, was the largest single holding, at \$23 million. The next largest was Imperial Oil Limited, with a market value of \$18 million.

Your professional investment managers judge the Public Utilities sector to be of prime quality, and this category accounted for 10.68 per cent of the portfolio with a total market value of \$61 million. The Consumers' Gas Company was the major holding in this section, accounting for \$18 million.

In third place was the Metal, Mining and Refining industry, with the major holding represented by International Nickel Company of Canada, at \$12 million.

Bank stocks have had a remarkable growth during the past year, due mainly to increased profits arising from their aggressiveness in the savings and loans fields. The portfolio contained \$39 million worth of bank stocks, with Canadian Imperial Bank of Commerce representing the largest holding, at \$17 million.

Substantial reductions were made during the year in your Fund's holdings of transportation stocks, particularly U.S. airlines, and there was a sharp cutback in holdings of pulp, paper and lumber companies. Compared with four companies of the latter group held in the portfolio at the end of the 1967 fiscal year, valued at nearly \$18 million, by the 1968 year-end only MacMillan Bloedel shares were being held, valued at \$9 million.

Because your Fund is a balanced one which offers reasonable protection of your investment, the portfolio managers maintained the Bonds quotient at close to 5 per cent of net assets, with a total market value of \$28 million. Holdings of preferred stocks totalled 14.86 per cent of the portfolio, valued at more than \$85 million. Industrial Acceptance Limited was the largest single holding, at over \$11 million, followed by Power Corporation of Canada, at over \$7 million. Both the bond and preferred holdings provide income needed to maintain the dividend return which is one of the Fund's objectives. In addition they are an excellent hedge against possible economic adversities.

The cash position was strengthened and at year-end cash and easily disposable assets totalled more than \$34 million, compared with \$27 million at the same time a year earlier. These funds will be committed to the market as good investment opportunities present themselves in the weeks ahead.

Investment Objectives and Policies

A clear understanding of your investment objectives is the first step in planning an investment program.

Since Investors Mutual of Canada was formed in 1950, its primary objective has been to produce capital appreciation over the long term. At the same time the Fund also has sought to protect the value of its shareholders' investments by providing reasonable price stability, and has endeavoured to provide a reasonable rate of return upon such an investment.

We believe that you will agree that the Fund is meeting these investment objectives in a most successful way. This is evidenced by the fact the asset value per share has experienced a better than threefold increase and the dividends paid per share have enjoyed a comparable gain.

A large majority of existing shareholders invested in the Fund because their own personal investment objectives matched those of the Fund, as spelled out in the prospectus. It is a fact of human nature, however, that over a period of time many of us lose sight of our original investment goals. Furthermore, our investment goals may change from time to time.

We therefore should take careful stock now and then of our long-term financial program.

There has been a marked increase during the past couple of years in the popularity of the "growth" and "performance" mutual funds. Such funds do have a definite place in the financial plans of some Canadians, but the individual investor should make a very thorough self-analysis before embarking

on an investment program which contains the greater risks associated with these funds.

There always is the temptation to "join the pack" and abandon a safely rewarding investment program for one containing prospects of speculative gains. We strongly believe that such action would be unwise for many investors.

Too much emphasis today is being placed on comparative performance records of mutual funds in Canada. The wise investor should look beyond performance figures when considering his investment program. The only satisfactory yardstick to use in selecting a mutual fund and retaining your investment in one is to make sure:

1. That the fund you are in has investment objectives that match your own.
2. That the management personnel of the fund are top-grade.

Investors Mutual is a well-rounded conservative securities investment for Canadians seeking reasonable return, preservation of capital and long-term capital growth through diversified holdings of more than 100 common and preferred stocks and investment quality bonds.

Your management is continually mindful of the eventual wisdom of remaining faithful to the well-proven principles of sound investing. We believe excessive risk-taking is for gamblers and not for wise investors. Your management is convinced that it should continue to follow those policies which have richly rewarded the shareholder over the years since the Fund's inception, in the secure knowledge that the best interests of the shareholders are thus being served.

An advantage of investing in any of the funds sold and managed by The Investors Group is that you are able to call upon your Investors' representative for a timely review of your account. If your investment objectives change you have the privilege of transferring into one of the Company's other investment vehicles.

Economic Review and Outlook

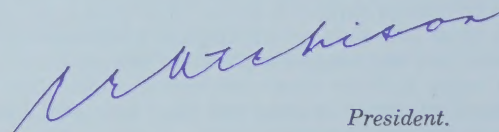
The past year has been one of exceptional growth in most sectors of the Canadian economy. The fact that we successfully weathered a period of some political uncertainty and financial turbulence during the first half of 1968 illustrates the underlying strength of our freedom of enterprise system.

A number of vexing problems have yet to be solved, primarily those of high interest rates and continued inflation. It is encouraging to note, however, that the inflationary spiral has lost some of its upward force during the past few months. The Gross National Product for 1968 is expected to be eight per cent higher than the previous year, with approximately half of that increase due to high prices. The balance represents increased productivity traceable to more efficient management and the putting to use of the fruits of capital expenditures undertaken by industrial concerns over the past few years.

Canada's external trade moved at a record pace during the year, and the outlook for exports in 1969 is excellent. The only major area of disappointment in this field is a poor level of wheat exports, which is having some adverse effects on the farming community.

It is a matter of some regret that the federal government is continuing to embark on social programs which will prove extremely costly. Our social welfare programs are highly desirable, but the benefits should be allocated on a more selective basis rather than imposed on all Canadians irrespective of need.

There has been impressive gains in the common stock market during the past year, which reflects a general confidence in the ability of our major industries to achieve higher productivity and improved profits. There has been, however, some speculative fever recently which indicates we could encounter a consolidation phase during the next few months. The longer term outlook, however, is one of excellent growth for the Canadian economy. This should be reflected in continued good returns for investors relying on professional investment management.



President.

AUDITORS' REPORT

**To the Shareholders,
Investors Mutual of Canada Ltd.**

We have examined the balance sheet of Investors Mutual of Canada Ltd. as of October 31, 1968 and the statements of income from investments and retained earnings, premium on shares, unrealized appreciation of assets, changes in net assets and changes in investments for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances, including confirmation of the securities owned at October 31, 1968 by correspondence with the custodian.

In our opinion, these financial statements present fairly the financial position of the company at October 31, 1968 and the results of its operations and the changes in net assets and the changes in investments for the year then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

*Winnipeg, Manitoba,
December 30, 1968.*

PEAT, MARWICK, MITCHELL & Co.
Chartered Accountants

Investors

MUTUAL OF CANADA LTD.

Balance Sheet

with comparative figures for 1967

Net Assets

Assets

Investments, at market value in Canadian funds:

Canadian Government and Canadian Government guaranteed bonds

Canadian Provincial and Provincial guaranteed bonds

Canadian corporation and municipal bonds

Canadian preferred stocks

United States preferred stocks

Canadian common stocks

United States and other foreign common stocks

The average cost of the investments as of
October 31, 1968 was \$403,277,497
(1967—\$472,828,435)

Other assets:

Cash on deposit and in transit

Demand notes

Accrued interest and dividends receivable

Due from brokers

Total assets

Liabilities:

Due to brokers

Dividend payable

Accounts payable and accrued expenses

Income taxes payable

Total liabilities

As of October 31

1968

1967

\$ 5,115,000

5,098,125

11,416,836

11,919,126

11,960,057

10,332,054

85,197,956

82,772,415

195,044

2,483,483

302,018,147

309,239,709

124,700,782

145,126,226

\$540,603,822

566,971,138

6,007,080

3,120,100

21,485,140

29,890,729

1,646,788

1,421,653

10,283,426

1,551,197

39,422,434

35,983,679

580,026,256

602,954,817

1,021,693

2,500,000

4,050,333

5,805,592

267,888

221,939

337,262

266,649

5,677,176

8,794,180

\$574,349,080

594,160,637

See accompanying notes to financial statements.

Shareholders' Equity

Capital stock:

Common shares of a par value of 33⅓¢ per share.

Authorized and issued 3,000 shares

Special shares of a par value of 33⅓¢ per share.

	Shares—1968	Shares—1967
Authorized	360,000,000	360,000,000
Redeemed	97,385,973	74,949,736
	<u>262,614,027</u>	<u>285,050,264</u>
Outstanding	<u>101,246,008</u>	<u>116,108,772</u>

As of October 31

1968

1967

\$ 1,000 \$ 1,000

33,748,669 38,702,924
33,749,669 38,703,924

Premium received on shares issued less

premium paid on shares redeemed

Retained earnings

Unrealized appreciation of assets

324,446,768 397,313,919

79,131,333 64,039,613

137,021,310 94,103,181

\$574,349,080 594,160,637

Approved on behalf of the Board:

Peterson

Director

Richison

Director

Investors

MUTUAL OF CANADA LTD.

Statement of Income from Investments and Retained Earnings with comparative figures for 1967

	Year ended October 31	
	1968	1967
Income:		
Dividends.....	\$ 17,287,032	18,054,465
Interest.....	3,108,349	2,680,474
Proceeds of sale of stock subscription rights.....	3,243	—
	<u>20,398,624</u>	<u>20,734,939</u>
Expenses:		
Management fees.....	2,865,600	3,072,664
Custodian fees.....	56,226	54,623
Directors' fees.....	13,269	13,940
Audit fees.....	3,250	3,000
Printing, postage and stationery.....	59,756	60,670
Miscellaneous.....	5,937	2,911
	<u>3,004,038</u>	<u>3,207,808</u>
Income before income taxes.....	17,394,586	17,527,131
Income taxes.....	925,700	911,333
	<u>16,468,886</u>	<u>16,615,798</u>
Net income (note 2).....	16,468,886	16,615,798
Profit on sale of investments.....	16,062,084	32,334,656
Transfer to premium on shares to equalize the amount available for dividends in respect of Special shares sold and redeemed during year	(320,768)	(124,909)
	<u>32,210,202</u>	<u>48,825,545</u>
Dividends declared.....	17,118,482	17,718,157
	<u>15,091,720</u>	<u>31,107,388</u>
Retained earnings available for distribution, beginning of year.....	64,039,613	32,932,225
Retained earnings available for distribution, end of year.....	<u>\$ 79,131,333</u>	<u>64,039,613</u>
See accompanying notes to financial statements.		

Year ended October 31

1968 1967

Balance, beginning of year.....	\$397,313,919	411,505,818
Add:		
Premium received on sale of 7,573,473 (1967— 11,810,600) Special shares.....	38,413,323	58,297,746
	<u>435,727,242</u>	<u>469,803,564</u>
Deduct:		
Premium paid on redemption of 22,436,237 (1967—14,440,235) Special shares.....	110,178,989	69,837,024
Commission paid on sale of Special shares.....	1,422,253	2,777,530
Transfer from retained earnings to equalize the amount available for dividends in respect of Special shares sold and redeemed during year.....	(320,768)	(124,909)
	<u>111,280,474</u>	<u>72,489,645</u>
Balance, end of year.....	<u>\$324,446,768</u>	<u>397,313,919</u>

Statement of Premium on Shares

with comparative figures for 1967

Year ended October 31

1968 1967

Balance, beginning of year.....	\$ 94,103,181	51,373,996
Unrealized appreciation for the year.....	42,918,129	42,729,185
Balance, end of year.....	<u>\$137,021,310</u>	<u>94,103,181</u>

Statement of Unrealized Appreciation of Assets

with comparative figures for 1967

See accompanying notes to financial statements.

Investors MUTUAL OF CANADA LTD.

Statement of Changes in Net Assets

with comparative figures for 1967

	Year ended October 31	
	1968	1967
Net assets, beginning of year	\$594,160,637	535,392,508
Add:		
Net income from investments	16,468,886	16,615,798
Profit on sale of investments	16,062,084	32,334,656
Increase in unrealized appreciation of assets	42,918,129	42,729,185
Proceeds of sale of Special shares less commissions paid	39,515,561	59,457,083
	<u>709,125,297</u>	<u>686,529,230</u>
Deduct:		
Payments on redemption of Special shares	117,657,735	74,650,436
Dividends declared from:		
Income from investments (note 3)	16,148,118	16,492,657
Profit on sale of investments (note 3)	970,364	1,225,500
	<u>134,776,217</u>	<u>92,368,593</u>
Net assets, end of year (note 1)	<u>\$574,349,080</u>	<u>594,160,637</u>
See accompanying notes to financial statements.		

	Year ended October 31	
	1968	1967
Investments at average cost, beginning of year...	\$472,828,435	474,918,162
Add:		
Cost of investments purchased.....	54,826,296	141,974,023
	<u>527,654,731</u>	<u>616,892,185</u>
Deduct:		
Proceeds of investments sold.....	140,439,318	176,398,406
Less profit on sale of investments.....	16,062,084	32,334,656
	<u>124,377,234</u>	<u>144,063,750</u>
Investments at average cost, end of year.....	<u>\$403,277,497</u>	<u>472,828,435</u>

	1968	1967
1. The net asset value per share.....	<u>\$5.67</u>	<u>5.12</u>
2. The average net income per share (excluding profit on sale of investments).....	<u>16.3c</u>	<u>14.3</u>
3. The source of the dividends declared per share:		
Income from investments.....	15.9c	14.2
Profit on sale of investments.....	.1	.8
Total dividends.....	<u>16.0c</u>	<u>15.0</u>

- The number of shares outstanding at the end of each fiscal year was used for the purpose of per share calculations.
- Demand notes are not considered to be portfolio investments and are therefore excluded from the statement of changes in investments.
- Foreign currency balances included in the financial statements have been expressed in Canadian dollars on the following basis:
 - Market value of investments, other assets and liabilities at the rate of exchange at the fiscal year end.
 - Purchases and sales of investments, income and expenses at the rate of exchange prevailing on the respective dates of such transactions.

Statement of Changes in Investments

with comparative figures for 1967

Notes to Financial Statements

with comparative figures for 1967

Investors MUTUAL OF CANADA LTD.

Services and Benefits to Shareholders

Shareholders of Investors Mutual have the benefit of many valuable and helpful services provided by The Investors Group. It has been the continuing policy of the Company to emphasize the development of such services, to meet the needs and convenience of the clients whom it serves. Among the benefits and services extended to you as a shareholder are the following:

FREE REINVESTMENT OF DIVIDENDS

Dividends from investment income may be automatically reinvested, without a sales charge, to purchase additional shares which are credited to your account. This compounding action provides an extra growth factor.

REDUCED SALES CHARGE

The purchase amounts of all your investments in mutual funds distributed by Investors Syndicate Limited are added together to reduce the sales charges on further purchases. Family purchases (by spouse and children under 21) are included with your own in determining total purchases.

FREE TRANSFER OF INVESTMENTS

If your investment objectives change, you may transfer without charge all or part of your account to shares of one of the other mutual funds distributed by Investors Syndicate Limited. If you wish to hold, either temporarily or permanently, an investment having guaranteed cash values you may transfer into the guaranteed Single Payment Annuity Certificates of Investors Syndicate Limited.

INCOME TAX ADVANTAGES

Shareholders residing in Canada who receive dividends from Investors Mutual are entitled to an income tax credit of 20% of the amount of dividends received, in accordance with Section 38 of the Income Tax Act. Such credits are deducted from the tax payable. Dividends received by Canadian corporations from Investors Mutual are tax-free. A further tax benefit is the fact that realized capital gains are not taxed in Canada.

FRACTIONAL SHARES

Shares are issued in full and fractional amounts so that any sum of money may be fully invested, thus avoiding any unproductive balance.

PROMPT REDEMPTION

Your Company agrees to redeem any portion or all of your shares at the net asset value per share as of the close of business on the day following receipt of your request at the head office of the Company.

TAX-DEDUCTIBLE RETIREMENT PLANS

The Income Tax Act provides that shareholders of Investors Mutual may purchase shares of the Fund and "register" them as a Registered Retirement Savings Plan, under certain conditions. If you would like to build up an annuity fund or supplement your existing pension plan, full details of these pension plan benefits may be obtained from the Company's head office or its representatives.

INVEST-A-CHEK SERVICE

As an added convenience to shareholders, the Invest-a-chek system has been introduced whereby the shareholder purchases shares in the Fund by pre-authorized cheques on his or her bank account. This system is particularly helpful to clients who purchase shares on a regular, systematic basis, and thus wish to benefit from dollar-cost averaging of investments.

INCOME WITHDRAWAL PLAN

Monthly or quarterly, shareholders may redeem a sufficient number of shares at asset value to provide the dollar amount required. Annual withdrawals of 6-8% of the value of the account are most popular. Complete information on income withdrawal plans may be obtained from the Company or its representatives.

REGULAR REPORTS

You will receive annual, semi-annual and quarterly reports, to keep you informed of Fund activities and general economic conditions.

Investors

MUTUAL OF CANADA LTD.

Record of a Continuous Investment Program

\$1,000 INITIAL INVESTMENT — \$100 PER MONTH

Investors Mutual shareholders may start accounts on a relatively moderate basis and increase their accounts by making regular purchases of additional shares to reach their objectives.

The following illustration is based on an assumed initial investment of \$1,000 on March 1, 1950, and subsequent investment of \$100 per month with dividends reinvested in additional shares.

Dollar Cost Averaging

Dollar-cost averaging is the name given to purchasing shares on a regular, systematic basis. When market dips occur, this system can be particularly profitable to shareholders. The dollar-cost averaging advantages are especially noticeable when dividends are reinvested, as shown in the illustrations on this page and the facing page. A booklet dealing with the subject is available from the Company.

Year	Cash Investment	Dividends Reinvested	Shares Credited	Accumulated Shares
1950	\$1,900	\$ 35.63	348,765	348.765
1951	1,200	126.01	197.718	546.483
1952	1,200	181.80	204.761	751.244
1953	1,200	240.98	213.114	964.358
1954	1,200	306.21	195.993	1,160.351
1955	1,200	370.95	162.854	1,323.205
1956	1,200	431.87	152.033	1,475.238
1957	1,200	495.14	162.952	1,638.190
1958	1,200	548.05	166.735	1,804.925
1959	1,200	617.08	151.210	1,956.135
1960	1,200	731.06	172.023	2,128.158
1961	1,200	812.43	154.365	2,282.523
1962	1,200	869.34	163.496	2,446.019
1963	1,200	981.85	164.562	2,610.581
1964	1,200	1,071.84	155.602	2,766.183
Adjusted for 3 for 1 stock split				8,298.549
1965	1,200	1,189.90	462.076	8,760.625
1966	1,200	1,300.80	502.142	9,262.767
1967	1,200	1,421.70	493.201	9,755.968
1968	1,000	1,188.84	409.464	10,165.432

VALUATION OF ACCOUNT AT OCTOBER 31, 1968

Redemption Value	
10,165.432 shares x \$ 5.674	\$57,678.66
Dividends Receivable	406.62
	\$58,085.28
Original Investment \$ 1,000.00	
Monthly Purchases 22,300.00	23,300.00
Total Net Gain	\$34,785.28
Dividends Reinvested and Receivable	13,328.10
Capital Gain in 224-month period	\$21,457.18

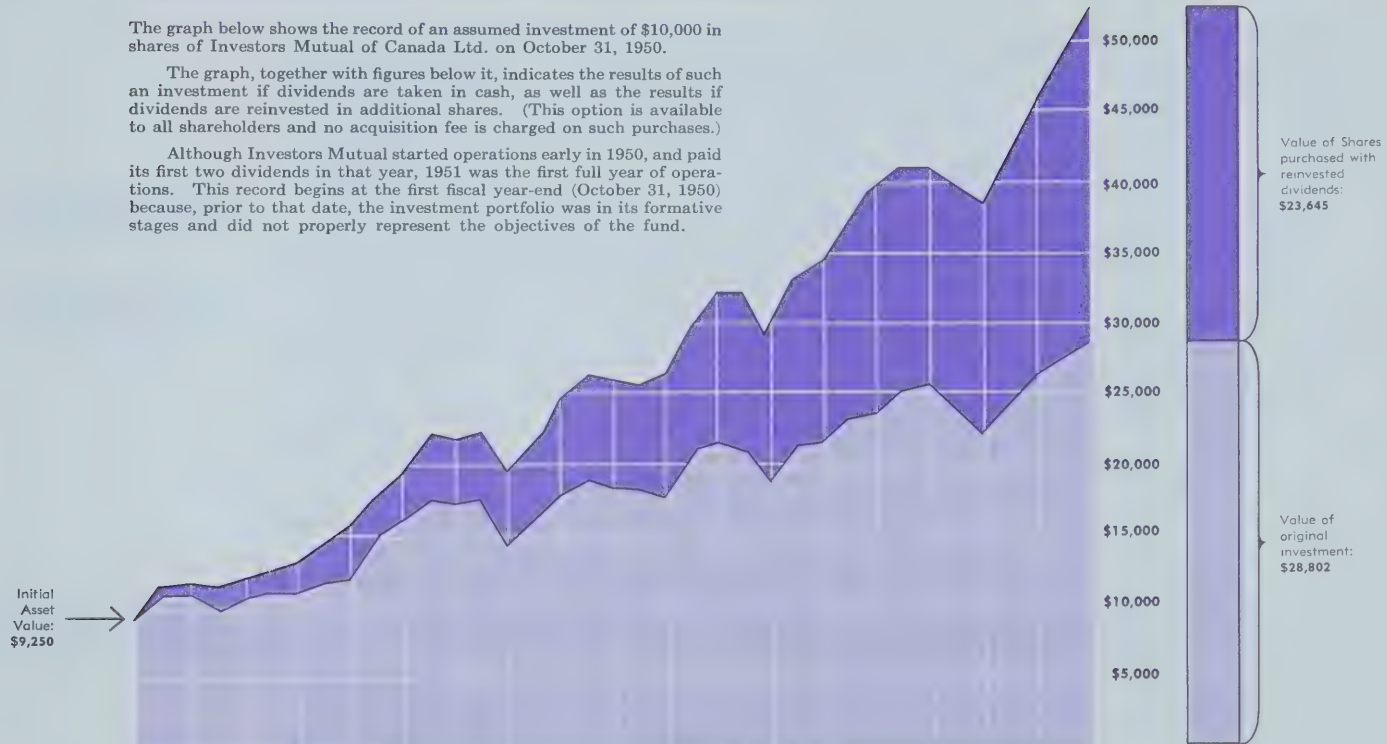
Illustration of a Lump-Sum Investment

The graph below shows the record of an assumed investment of \$10,000 in shares of Investors Mutual of Canada Ltd. on October 31, 1950.

The graph, together with figures below it, indicates the results of such an investment if dividends are taken in cash, as well as the results if dividends are reinvested in additional shares. (This option is available to all shareholders and no acquisition fee is charged on such purchases.)

Although Investors Mutual started operations early in 1950, and paid its first two dividends in that year, 1951 was the first full year of operations. This record begins at the first fiscal year-end (October 31, 1950) because, prior to that date, the investment portfolio was in its formative stages and did not properly represent the objectives of the fund.

Total value of
investment at
October 31, 1968
\$52,447



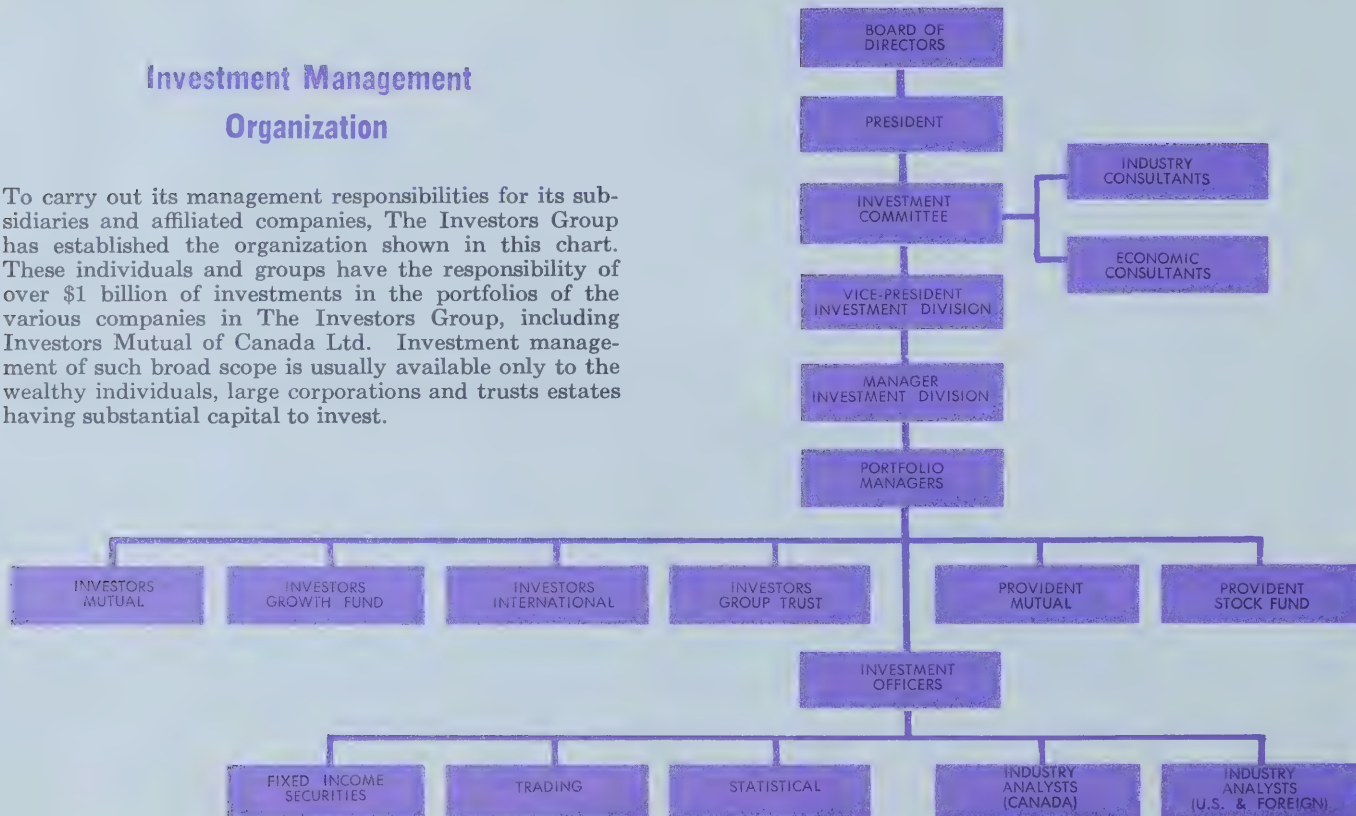
	OCT. '52	OCT. '54	OCT. '56	OCT. '58	OCT. '60	OCT. '62	OCT. '64	OCT. '66	OCT. '68
Value of original investment	\$10,489	12,848	16,697	18,115	17,970	19,352	24,969	22,888	28,802
Value of shares purchased with reinvested dividends	\$ 987	2,447	4,469	6,384	7,896	10,224	15,499	16,408	23,645*
TOTAL VALUE	\$11,476	15,295	21,166	24,499	25,866	29,576	40,468	39,296	52,447

*Total dividends if taken in cash and not reinvested — \$10,829

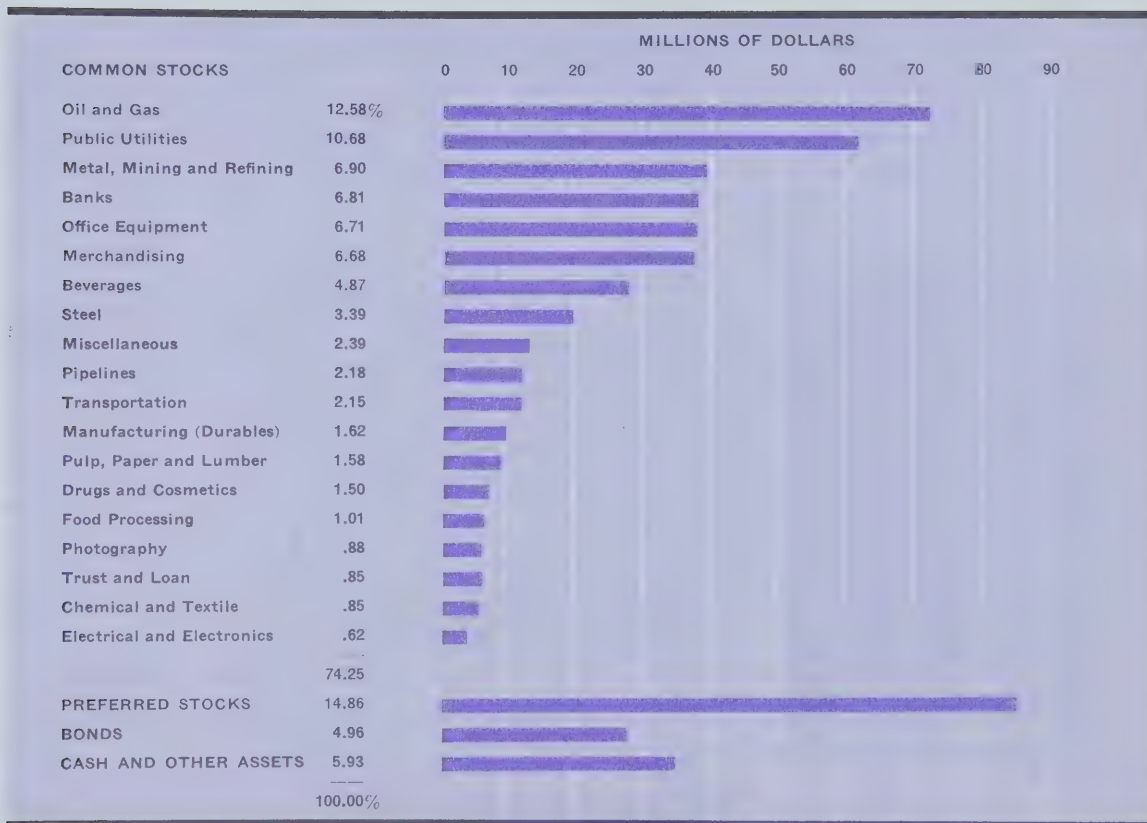
Investors MUTUAL OF CANADA LTD.

Investment Management Organization

To carry out its management responsibilities for its subsidiaries and affiliated companies, The Investors Group has established the organization shown in this chart. These individuals and groups have the responsibility of over \$1 billion of investments in the portfolios of the various companies in The Investors Group, including Investors Mutual of Canada Ltd. Investment management of such broad scope is usually available only to the wealthy individuals, large corporations and trusts estates having substantial capital to invest.



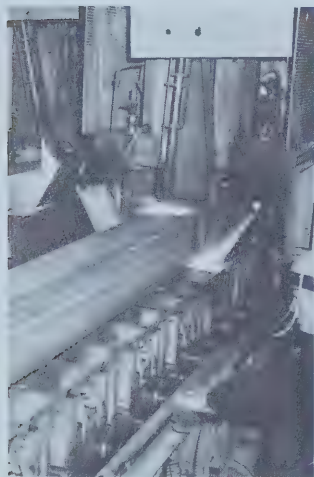
Diversification of Assets



Investors

MUTUAL OF CANADA LTD.

Investment in
Securities
October 31, 1968



Torches shear the steel blooms to predetermined lengths as they leave the straightening stands.

Common Stocks (74.25%)

BANKS (6.81%)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
Bank of Montreal.....	185,890	\$ 2,648,933	\$ 4.61
Canadian Imperial Bank of Commerce.....	979,650	17,878,613	31.11
The Royal Bank of Canada.....	589,085	12,886,234	22.42
The Toronto-Dominion Bank.....	317,375	5,752,421	10.01
		39,166,201	68.15

BEVERAGES (4.87%)

Distillers Corporation-Seagrams Limited.....	173,775	8,341,200	14.51
John Labatt Limited.....	597,166	11,346,154	19.74
Molson Breweries Limited Class "A".....	130,088	3,479,854	6.06
Hiram Walker-Gooderham & Worts Limited.....	126,060	4,821,795	8.39
		27,989,003	48.70

CHEMICAL and TEXTILE (0.85%)

Dominion Textile Company Limited.....	10,000	168,750	0.29
Du Pont of Canada Limited.....	119,675	4,697,244	8.18
		4,865,994	8.47

DRUGS and COSMETICS (1.50%)

*Chas. Pfizer & Co. Inc.....	70,000	5,047,280	8.78
*Warner-Lambert Pharmaceutical Co.....	62,500	3,585,125	6.24
		8,632,405	15.02

ELECTRICAL and ELECTRONICS (0.62%)

*Sperry Rand Corporation.....	79,700	3,588,971	6.25
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FOOD PROCESSING (1.01%)

George Weston Limited.....	288,925	5,778,500	10.05
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Common Stocks (continued)

MANUFACTURING DURABLES (1.62%)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
*Fedders Corporation.....	1,700	\$ 87,490	\$ 0.15
Massey-Ferguson Limited.....	465,910	9,201,723	16.01
		9,289,213	16.16

MERCHANDISING (6.68%)

*S. S. Kresge Company.....	256,000	11,459,328	19.94
M. Loeb Limited.....	40,000	485,000	0.84
*Melville Shoe Corporation.....	42,000	2,487,996	4.33
The Oshawa Wholesale Limited Class "A".....	180,000	7,830,000	13.63
Simpsons Limited.....	103,140	3,816,180	6.64
Steinberg's Limited Series "A".....	280,700	4,491,200	7.82
Zeller's Limited.....	486,800	7,788,800	13.55
		38,358,504	66.75

METAL, MINING and REFINING (6.90%)

Alcan Aluminum Limited.....	172,132	4,970,312	8.65
Anglo American Corporation.....	546,239	5,462,390	9.51
Falconbridge Nickel Mines Limited.....	73,925	7,263,131	12.64
The International Nickel Company of Canada Limited...	302,875	12,266,437	21.34
Noranda Mines Limited.....	164,653	9,673,364	16.83
		39,635,634	68.97

MISCELLANEOUS (2.39%)

*Continental Corporation.....	14,400	887,760	1.54
Investors International Mutual Fund Ltd.....	548,188	4,870,654	8.48
*Monogram Industries Inc.....	20,000	1,131,140	1.97
*Pennzoil Co.....	35,800	6,640,470	11.55
Rothmans of Pall Mall Canada Limited—Warrants.....	23,000	212,750	0.37
		13,742,774	23.91



Pouring floor of a steelmaking operation.

Investors

MUTUAL OF CANADA LTD.

Common Stocks (continued)

OFFICE EQUIPMENT (6.71%)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
*International Business Machines Corporation.....	61,764	\$ 20,324,375	\$ 35.37
Moore Corporation Limited.....	530,280	15,444,405	26.87
*Xerox Corporation.....	10,000	2,798,400	4.87
		38,567,180	67.11

OIL and GAS (12.58%)

*Atlantic Richfield Co.....	209,600	23,371,867	40.67
The British American Oil Company Limited.....	219,400	10,311,800	17.94
Imperial Oil Limited.....	239,572	18,147,579	31.58
*Occidental Petroleum Corporation.....	232,462	11,246,976	19.57
*Royal Dutch Petroleum Company.....	92,180	5,818,863	10.13
Shell Canada Limited Class "A".....	109,600	3,397,600	5.91
		72,294,685	125.80

PHOTOGRAPHY (0.88%)

*Polaroid Corporation.....	42,800	5,070,773	8.82
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PIPELINES (2.18%)

The Alberta Gas Trunk Line Company Limited Class "A".....	61,580	2,224,577	3.87
Interprovincial Pipe Line Company.....	342,100	7,526,200	13.09
Trans Canada Pipe Lines Limited.....	8,200	310,575	0.54
Westcoast Transmission Company Limited.....	85,000	2,486,250	4.33
		12,547,602	21.83

PUBLIC UTILITIES (10.68%)

The Bell Telephone Company of Canada.....	70,515	3,181,989	5.54
British Columbia Telephone Company.....	80,143	5,059,027	8.80
Calgary Power Ltd.....	332,800	8,652,800	15.06
The Consumers Gas Company.....	827,638	18,001,127	31.32
*Continental Telephone Corporation.....	261,800	8,140,147	14.16



An eight-ton sled and its 100-ton load of a 2,500-horsepower compressor engine.

Common Stocks (continued)

PUBLIC UTILITIES—Continued

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
*General Telephone & Electronics Corporation.....	172,600	\$ 7,934,422	\$ 13.81
Northern and Central Gas Corporation Ltd.....	284,050	5,077,394	8.84
Union Gas Company of Canada Limited.....	284,555	5,335,406	9.28
		61,382,312	106.81

PULP, PAPER and LUMBER (1.58%)

MacMillan, Bloedel Limited.....	346,796	9,103,395	15.84
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STEEL (3.39%)

The Algoma Steel Corporation Limited.....	158,710	3,372,588	5.87
Dominion Foundries and Steel Limited.....	339,552	7,894,584	13.73
The Steel Company of Canada Limited.....	297,229	8,210,951	14.29
		19,478,123	33.89

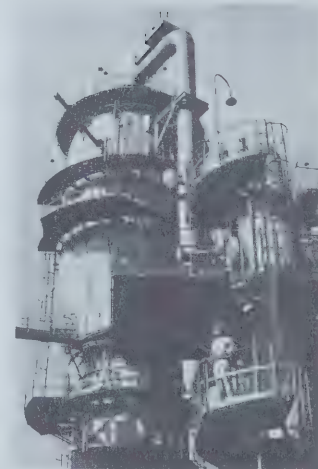
TRANSPORTATION (2.15%)

Canadian Pacific Railway Company.....	101,750	7,275,125	12.66
*Northwest Airlines Incorporated.....	39,400	3,479,848	6.06
*Seaboard World Airlines Inc.....	43,400	1,599,550	2.78
		12,354,523	21.50

TRUST and LOAN (0.85%)

Canadian Pacific Investments—Warrants.....	125,000	612,500	1.07
Industrial Acceptance Corporation Limited.....	162,310	4,260,637	7.41
		4,873,137	8.48

TOTAL COMMON STOCKS.....		\$426,718,929	\$742.51
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Catalytic cracking unit at British American Oil's Port Moody refinery in British Columbia.

Investors

MUTUAL OF CANADA LTD.

Preferred Stocks (14.86%)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
*Continental Corporation			
\$2.50 Cum. Conv. Series "A".....	775	\$ 51,103	\$ 0.09
The Alberta Gas Trunk Line Ltd.			
5 $\frac{3}{8}$ % Cum. Red. Conv. Series "D".....	3,622	402,042	0.70
Abitibi Paper Company Ltd.			
7 $\frac{1}{2}$ % Cum. Red. Series "A".....	18,700	1,047,200	1.79
Anglo-Canadian Telephone Company			
\$2.65 Cum. \$50 p.v.....	20,000	820,000	1.43
The Anthes-Imperial Company Limited			
Series "A" 5.5% 1st Pfd. Cum. Red. \$100 p.v.....	5,310	523,035	0.91
Argus Corporation Limited Class "A"			
\$2.60 Cum. Red. \$50 p.v.....	71,000	2,769,000	4.82
British Columbia Telephone Company			
4.75% Cum. Red. \$100 p.v.....	25	1,775	0.00
4.84% Cum. Red. \$25 p.v.....	229,500	4,561,312	7.94
5.15% Cum. Red. \$100 p.v.....	29,815	2,355,385	4.10
5.75% Cum. Red. \$100 p.v.....	9,260	787,100	1.37
6% 2nd Pfd. \$100 p.v.....	385	36,383	0.06
Canadian Breweries Limited			
Series "B" \$2.65 Cum. Red. \$50 p.v.....	121,995	4,605,311	8.02
Canadian Pacific Investments			
4.75% Cum. Red. Conv. \$20 p.v.....	125,000	3,421,875	5.95
Canadian Pacific Railway Company			
4% Non-Cum. 1st Pfd. \$3 p.v.....	1,350,000	2,632,500	4.58



Section of the converter aisle in the Falconbridge Nickel Mines smelter at Falconbridge, Ontario.

Preferred Stocks (continued)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
Canadian and Foreign Securities Co. Ltd.			
Series "A" Cum. Red. \$50 p.v.	50,000	\$ 2,500,000	\$ 4.35
Chemcell 1963 Limited			
\$1.75 Cum. Red. \$25 p.v.	20,573	534,898	0.93
The Consumers' Gas Company			
Series "B" 5.5% Cum. \$100 p.v.	10,580	978,650	1.70
Series "C" 5% Cum. Red. \$100 p.v.	10,000	933,750	1.62
Debhold Canada Limited			
6% Cum. Red. 1st Pfd. Series "A" \$100 p.v.	47,000	4,700,000	8.18
6.25% Cum. Red. Series "B" \$100 p.v.	2,500	239,375	0.42
Economic Investment Trust Limited			
5% Series "A" Cum. Red. \$50 p.v.	26,300	986,250	1.72
FPE-Pioneer Electric Limited			
5.5% Cum. Red. Conv. 1st Pfd. Series "A" \$50 p.v.	7,224	765,744	1.33
Industrial Acceptance Corporation Limited			
4.5% Cum Red. \$100 p.v.	17,230	1,193,178	2.08
5.75% Cum. Red. \$25 p.v.	415,480	9,971,520	17.35
Inter-City Gas Limited			
Series "A" 5.25% \$20 p.v.	70,000	1,225,000	2.13
Loblaw Groceterias Co. Limited			
\$1.50 Cum. Red. 1st Pfd. Series "A" \$30 p.v.	76,375	1,756,625	3.06
\$1.60 Cum. Red. 1st Pfd. Series "B" \$30 p.v.	225	5,288	0.01
M. Loeb Limited			
5.75% Cum. Red. Conv. Series "A" \$50 p.v.	55,000	2,750,000	4.79



Here, on Massey-Ferguson's 746-foot long final assembly line, skilled workmen ensure that the many automatic operator control devices are accurately adjusted.

Investors

MUTUAL OF CANADA LTD.

Preferred Stocks (continued)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
Northern and Central Gas Corporation Limited \$2.60 Cum. Red. 1st Pfd. \$50 p.v.....	11,800	\$ 483,800	\$ 0.84
Northwestern Utilites Limited 4% Cum. \$100 p.v.....	5,800	368,300	0.64
Nova Scotia Light and Power Co. Ltd. 5% Cum. Red. \$50 p.v.....	5,000	200,000	0.35
*Occidental Petroleum Corporation \$4.00 Coupon Cum. Conv. \$1 p.v.....	1,000	143,941	0.25
Power Corporation of Canada Limited 1965 Series 4.75% Cum. Red. 1st Pfd. \$50 p.v.....	214,000	7,704,000	13.41
Quebec-Telephone 1955 Series 5% Cum. Red. \$20 p.v.....	14,500	179,438	0.31
1956 Series 5% Cum. Red. \$20 p.v.....	8,600	137,600	0.24
1965 Series 4.75% Cum. Red. \$20 p.v.....	90,500	1,176,500	2.05
St. Lawrence Corporation Limited Series "A" Cum. Red. \$100 p.v.....	5,460	404,040	0.70
Shell Investments Limited 5.5% 1st Pfd. \$1.10 Cum. Red. Conv.....	38,675	1,305,281	2.27
Steinberg's Limited Series "A" 5.25% Cum. Red. \$100 p.v.....	11,140	907,910	1.58



Maintaining telephone switch gear.

Preferred Stocks (continued)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
Third Canadian General Investment Trust Limited Series "A" \$2.50 Cum. Red. 1st Pfd. \$50 p.v.....	23,450	\$ 873,512	\$ 1.52
Toronto and London Investment Co. Ltd. Series "A" \$2.50 Cum. Red. \$50 p.v.....	54,000	2,700,000	4.70
Trans-Canada Pipe Lines Limited \$2.75 Cum. Red. Conv. "A".....	58,429	4,163,066	7.25
Union Gas Company of Canada Limited Series "A" 5.5% Cum. Red. \$50 p.v.....	15,393	692,685	1.21
Series "C" 5% Cum. Red. \$50 p.v.....	42,200	2,088,900	3.64
United Corporations Limited Class "A" \$1.50 Cum. Red. n.p.v.....	6,220	134,507	0.24
5% 1963 Series Cum. Red. \$30 p.v.....	25,225	536,031	0.93
Victoria & Grey Trust Company Limited Series "A" 5.35% Cum. Red. \$50 p.v.....	60,000	2,550,000	4.44
Weldwood of Canada Ltd. 5.25% Cum. Red. \$20 p.v.....	250,000	5,000,000	8.70
George Weston Limited 6% 2nd Series Cum. Red. \$100 p.v.....	7,250	696,000	1.21
Zeller's Limited 4.5% Cum. Red. SF \$50 p.v.	9,590	393,190	0.68
TOTAL PREFERRED STOCKS.....		\$ 85,393,000	\$148.59



Reel of draft paper as it is building up at the dry-end of a paper machine.

Investors

MUTUAL OF CANADA LTD.

Bonds (4.96%)

CANADIAN GOVERNMENT AND CANADIAN

GOVERNMENT GUARANTEED (0.89%)

Canadian National Railway Company

	Face Amount	Market Value	Portfolio Distribution Per \$1,000
5.5% Due: 12-15-71.....	\$4,250,000	\$ 4,143,750	\$ 7.21
Government of Canada			
5% Due: 6-1-71.....	1,000,000	971,250	1.69
TOTAL.....		5,115,000	8.90

CANADIAN PROVINCIAL AND PROVINCIAL GUARANTEED (1.99%)

British Columbia

British Columbia Electric Company Limited

4% Due: 8-1-86.....	100,000	66,000	0.11
Series AD 4.75% Due: 8-1-86.....	226,000	164,980	0.29

New Brunswick

Province of New Brunswick

4.5% Due: 10-15-71.....	250,000	231,250	0.40
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Ontario

The Hydro-Electric Power Commission of Ontario

5.25% Due: 10-1-84.....	500,000	410,000	0.71
5.25% Due: 2-1-81/85.....	750,000	604,688	1.05



This 30-foot, precision tracking station is used for research into satellite communications.

Bonds (continued)

	Face Amount	Market Value	Portfolio Distribution Per \$1,000
Province of Ontario			
5.25 % Due: 12-1-80/84	1,100,000	\$ 891,000	\$ 1.55
5.25 % Due: 4-15-81/85	685,000	554,850	0.97
Quebec			
Province of Quebec			
5 % SF Non-Red. Due: 4-2-72	450,000	411,750	0.72
5.5 % Due: 6-15-84/86	1,000,000	777,500	1.35
5.5 % Due: 1-15-86/89	2,075,000	1,584,781	2.76
5.5 % Due: 4-1-90	1,600,000	1,212,000	2.11
Quebec Hydro-Electric Commission			
4 % Due: 5-1-73	1,000,000	858,750	1.49
4.5 % Due: 5-1-73	556,500	488,329	0.85
5 % Due: 5-1-73	383,000	343,742	0.60
5.5 % Due: 5-1-73	182,500	167,216	0.29
5 % Due: 11-1-80	250,000	195,625	0.34
5.75 % Series AF Due: 10-1-84	500,000	405,625	0.71
5.5 % Due: 2-15-87	650,000	503,750	0.88
5.5 % Due: 6-1-86/88	2,000,000	1,545,000	2.69
TOTAL		\$ 11,416,836	\$ 19.87



An aluminum press in the extrusion department of Alcan's Kingston, Ontario plant.

Investors

MUTUAL OF CANADA LTD.

Bonds (continued)

CANADIAN CORPORATION AND MUNICIPAL (2.08%)

	Face Amount	Market Value	Portfolio Distribution Per \$1,000
Bramalea Consolidated Developments Ltd.			
7½ % Conv. Debs. Due: 10-01-88.....	1,600,000	\$ 2,400,000	\$ 4.18
The Avalon Telephone Company Limited			
5.5 % 1st Mtge. SF Due: 5-15-77.....	200,000	169,000	0.29
The Bell Telephone Company of Canada			
4 % 1st Mtge. Due: 12-1-70.....	1,175,000	1,104,500	1.92
BP Refinery Canada Limited			
Series "A" 5.75 % SF Due: 10-1-86.....	210,000	170,100	0.30
The T. Eaton Acceptance Co. Limited			
5.75 % SF Due: 5-1-85.....	750,000	585,000	1.02
Hudson's Bay Company Properties Limited			
Series "A" 5.75 % 1st Mtge. Due: 7-2-90.....	750,000	585,000	1.02
Industrial Acceptance Corporation Limited			
Series 31 5.75 % Secured Notes Due: 3-1-85.....	500,000	385,000	0.67



Measuring the volume of the huge blackpiles adjacent to each mill requires concise measurements by transit and stadio rod.

Other Bonds (continued)

	Face Amount	Market Value	Portfolio Distribution Per \$1,000
The Metropolitan Corporation of Greater Winnipeg 5% SF Due: 5-1-72.....	1,200,000	\$ 1,098,000	\$ 1.91
The Municipality of Metropolitan Toronto 5.25% Due: 3-1-85.....	1,000,000	795,000	1.38
Rothmans of Pall Mall Canada Limited Series "A" 7.5% SF Due: 1-3-88.....	2,300,000	2,231,000	3.88
Triad Oil Co. Ltd. 4.75% Due: 9-15-71.....	592,000	544,640	0.95
Yonge-Delisle Developments Ltd. 6.5% 1st Mtge. Installment Due: 10-1-92.....	1,892,817	1,892,817	3.29
		\$ 11,960,057	\$ 20.81
TOTAL BONDS.....		\$ 28,491,893	\$ 49.58
TOTAL INVESTMENTS.....		540,603,822	940.68
CASH AND OTHER ASSETS (Net).....		33,745,258	59.32
TOTAL NET ASSETS.....		\$574,349,080	\$1,000.00

*UNITED STATES AND OTHER FOREIGN INVESTMENTS—valued as follows:

Face Amount—at their stated par value in United States Funds.

Market Value—converted at the exchange rate as at October 31, 1968.



An aerial view of Abitibi Provincial Paper Company at Port Arthur, Ontario.
LOCKWOOD SURVEY CORPORATION
LIMITED

THE *Investors* GROUP

The Investors Group, through its subsidiaries and affiliates listed below, offers a complete range of savings and investment management services for individuals and groups. With assets of over \$1.5 billion under its administration Investors is the largest company of its kind in Canada.

INVESTORS SYNDICATE LIMITED

Distributor of the shares of Investors mutual funds and of guaranteed investment certificates, which provide for the accumulation of a specific sum of money over a stated period of time. The certificates may be purchased either by a single lump-sum investment or a series of payments over a period of years.

INVESTORS GROUP TRUST CO. LTD.

Provides all necessary services for the efficient administration and management of individual and group trustee pension plans, including consultation and government registration. Investors Pension Plans are available throughout Canada from Investors Syndicate representatives.

INVESTORS MUTUAL OF CANADA LTD.

Canada's largest mutual fund, Investors Mutual objectives stress income, protection of invested capital and long-term capital growth. Being a "balanced" fund, it maintains a portfolio of securities consisting of common and preferred stocks and bonds.

INVESTORS GROWTH FUND OF CANADA LTD.

A mutual fund whose principal objective is long-term growth of invested capital, its portfolio emphasizes high-quality common stocks.

INVESTORS INTERNATIONAL MUTUAL FUND LTD.

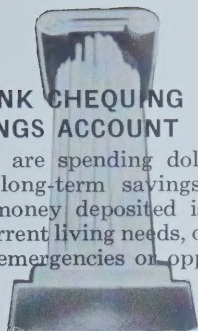
A mutual fund designed to give the Canadian investing public the opportunity to share in the long-term growth potential of the international investment scene. The emphasis is on common stocks.

The Four Cornerstones of Sound Personal Money Management

The Investors Group believes that a well-balanced investment program should consist of these Four Cornerstones for sound personal money management:

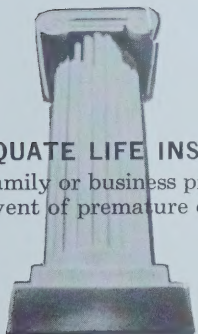
1. A BANK CHEQUING OR SAVINGS ACCOUNT

These are spending dollars rather than long-term savings accounts. The money deposited is generally for current living needs, or for short-term emergencies or opportunities.



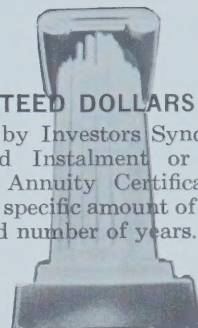
2. ADEQUATE LIFE INSURANCE

For family or business protection in the event of premature death.



3. GUARANTEED DOLLARS

Provided by Investors Syndicate's guaranteed Instalment or Single Payment Annuity Certificates to produce a specific amount of money in a stated number of years.



4. GROWTH DOLLARS

Money soundly invested in a selected and diversified list of common stocks through any of Investors' three mutual funds. Because their growth reflects the development of the North American economy, the mutual funds provide an excellent hedge against inflation.

